

The Transitions Beneficiary Income Rider

Presented by the Annexus Group

Transitions Beneficiary Income Rider (TBIR) FAQ's

Until now, annuities have generally been thought of as accumulation or income products. Annuities were never really considered to be a viable wealth transfer solution due to unfavorable tax treatment or lack of innovative product design. The TBIR rider now makes the annuity a viable wealth transfer solution by integrating the favorable tax treatment of inherited IRAs and non-qualified annuities with cutting edge product design from Genesis Financial. With the TBIR, the annuity is now the first income-based wealth transfer solution.

1. Why is an annuity not traditionally viewed as a viable wealth transfer solution?

Currently, if an annuity investor wants to leave an enhanced legacy to a beneficiary, he or she is generally relegated to death benefit riders that pay a lump sum. Annuities, unlike life insurance, do not share in favorable tax treatment of lump sum death benefit distributions. This leaves the annuity investor at a disadvantage when trying to establish a tax efficient legacy strategy for beneficiaries while still satisfying his own financial planning needs. Secondly, when a beneficiary inherits an IRA or annuity, many companies will not allow the addition of an income rider on an inherited contract. The beneficiary can inherit the money, elect to take "stretch" payments, and only have guaranteed income if they annuitize the contract utilizing the current SPIA rates. **The TBIR solves both issues by allowing the annuity investor to create a tax efficient, income-based legacy congruent with the salient feature of any annuity, lifetime income. The TBIR allows the beneficiary to take advantage of the "stretch" option, minimizing the impact of taxes, allowing for guaranteed lifetime income provided by attractive payout factors that are likely higher than those found on modern living benefit riders.** The income base benefit begins accruing when the owner deposits money into the original annuity and selects the TBIR and the guaranteed income then becomes available to the beneficiary at the death of the contract owner. *The TBIR allows for the carrier to offer a much needed client benefit in the form of a marketable and innovative income rider for a beneficiary.*

2. What is the opportunity for the TBIR?

According to a recent study performed by BNY Mellon, \$12 trillion of financial assets are currently changing hands and, over the next 30 years, another \$30 trillion is going to be transferred from one generation to the next.

3. What is the TBIR?

The TBIR is an innovative income rider that facilitates wealth transfer by enabling a contract owner to accrue a guaranteed income benefit for a beneficiary(s) during the life of the owner. The guaranteed lifetime income payout becomes available for the beneficiary at the death of the contract owner.

4. Why would an owner select the TBIR?

By adding the TBIR, an owner that purchases this enhanced legacy benefit confers a guaranteed income benefit that will be, likely, higher than the amount of income a beneficiary would be able to receive if he waited until the death of the owner to purchase his own income rider on a beneficial contract. In doing so, the owner creates a larger, tax efficient and guaranteed legacy via lifetime income payments to the beneficiary.

5. Does the TBIR help facilitate 1035 exchanges and transfers?

Yes. The TBIR is a new wealth transfer concept utilizing an annuity as an income-based wealth transfer solution. *By adding the TBIR, a new "purpose of the money" is established, creating suitability justification if the contract is funded via 1035 exchange or transfer.*

6. Can the TBIR be added to both qualified and non-qualified annuity contracts?

Yes.

7. Does the TBIR require underwriting?

No. The TBIR can be added to any new contract staying within product issue specs. Since no underwriting is required, this makes the TBIR a preferred solution or alternative to underwritten wealth transfer solutions.

8. What is the appeal of the TBIR from an advisor perspective?

The TBIR helps the advisor to better build a financial services practice by being the mechanism that introduces the advisor to the adult children of baby-boomer and senior clients. By creating a relationship between the advisor and adult children **during** the life of the senior parent, the risk of the advisor losing the assets to another advisor, upon the death of the parent, is greatly reduced. See BNY Mellon study.

9. What is the appeal of the TBIR from an enterprise/carrier perspective?

There are many benefits for a carrier to add the TBIR to the product suite. These benefits include, but are not limited to:

- Increased Sales—see BNY Mellon study, *30 in 30: How Advisors Can Capitalize on a \$30 Trillion Wealth Transfer Over the Next 30 Years*. [Click here to download white paper.](#)
- Increased profitability—see *Genesis pricing document*.
- Increased asset retention
- Provides suitability justification for appropriate transfers
- Attracts new advisors to the carriers and IMO's